

COLORADO SCHOOL OF MINES PERFORMANCE PAY PROGRAM



I. HISTORY

Since 1945, state classified employees of the State of Colorado have been paid under a grade and step system where salaries were adjusted based on prevailing wages as determined by a salary survey with merit increases based on longevity and satisfactory job performance. During the 1996 legislative session, HB 96-1262 (CPP) became law and mandated changes to the way state classified employees receive pay increases. In 1999 CPP was repealed because of the following concerns: cost neutrality, the plan was perceived as too complicated, fairness and equity, and the perception that too much latitude was given to departments and higher education institutions.

The Department of Personnel suggested an alternative approach that is based on a system of performance evaluation. This approach was approved under SB 00-211. As part of SB 00-211, a performance plan needed to meet certain criteria. The legislation provides for:

- A system that is simple and understandable to employees in the state personnel system,
- Be cost neutral as compared to the compensation plan in place for the fiscal year ending June 30, 2001, and as modified each fiscal year thereafter,
- Developed with input from employees in the state personnel system, managers, and other affected parties,
- Emphasizes planning, management, and evaluation of employee performance, and
- Includes uniform and consistent guidelines for all state agencies.

In response to the legislation and in preparation for this historical change, the Colorado School of Mines (CSM) Performance Management Steering Committee was established in the fall of 1999. The Committee's initial role and responsibility was to guide and advise the administration in the development and implementation of the School's Performance Pay Program. The original members of the Steering Committee were: Bob Baldwin, Department of Chemical Engineering and Petroleum Refining; Tim Cake, Plant Facilities; Carolyn Giarratano, Office of Financial Aid; Teresa Hall, Plant Facilities; Barby Halliday, Division of Engineering; Mimi Martin, Metallurgy Department; Eric Scarbro, Information Services; Marilyn Schwinger, Geology Department; and, Bob Slavik, Plant Facilities. The Committee was lead and coordinated by Debby Page Lane, Director of Human Resources and staffed by members of the CSM Human Resource Office.

This Committee developed CSM's Performance Pay Program, which consists of three components: performance management, performance-based pay, and dispute resolution. These components are described in detail below.

II. PERFORMANCE MANAGEMENT GUIDING PRINCIPLES

Performance management is a business tool to assist organizations, as well as individuals, in identifying their goals and objectives.

Performance management is a fluid process built on open, ongoing communication in order to build trust and develop a work environment that focuses on continuous improvement and productivity.

Training is a key component to a successful performance management system.

A performance management system should provide a consistent and flexible framework for aligning individual contributions to work unit objectives and strengthening the link between performance and rewards.

There shall be collaboration and communication during all phases of the performance management process.

Employees at all levels share responsibility and are accountable for the success of a performance management system.

Managers, supervisors, and employees must evaluate and clearly define **what** needs to be accomplished and **how** it will be done. These “what” and “how” objectives are interdependent.

III. PERFORMANCE MANAGEMENT PROCESS

A. PERFORMANCE MANAGEMENT PLAN

The Colorado School of Mines, in response to Senate Bill 00-211, has developed the following performance pay program to be implemented as of July 1, 2001. This plan was created in accordance with the parameters set by the Colorado Department of Personnel and as directed by the State Director of Personnel.

CSM’s Performance Management process includes planning, coaching and feedback, progress review, and evaluation. The process is used throughout the year to enhance employee performance, recognize the employee’s contributions to the institution, and to appropriately determine annual performance awards.

CSM’s Performance cycle is from April to March. Supervisors must complete and implement plans for all permanent classified employees between April 1 and April 30. New employees shall have a performance plan established within 30 days of the date of employment.

The supervisor and employee should meet for an initial planning session and jointly establish the performance plan. If the immediate supervisor fails to establish a timely performance plan the next level supervisor, or reviewer is expected to develop the plan. If the second level supervisor, or reviewer fails to develop a plan in a timely manner, the reviewer’s supervisor (up to the Vice President level) is responsible for completing the plan as required by law. ANY

CLASSIFIED SUPERVISOR WHO FAILS TO ESTABLISH A TIMELY PLAN SHALL BE INELIGIBLE TO RECEIVE A PERFORMANCE PAY AWARD. FOR EXEMPT SUPERVISORS, FAILURE TO ESTABLISH A TIMELY PLAN SHALL BE A NEGATIVE FACTOR IN THE SUPERVISOR'S OWN EVALUATION AND ANNUAL SALARY ADJUSTMENT.

Performance management relies heavily on continuous coaching and feedback. Therefore, each supervisor is required to complete a written progress review for all permanent classified employees during the month of October of each year.

A written performance evaluation for permanent classified employees shall be submitted to the CSM Office of Human Resources no later than the last working day in March of each year. The CSM Office of Human Resources shall send a letter to any supervisor who fails to meet the March deadline granting that supervisor a 30-day grace period within which to comply. A copy of this letter shall be submitted to the second level supervisor.

If the supervisor fails to comply within the grace period, CSM shall invoke the State Personnel Director's Procedure P-6-2:

Designated raters are evaluated on their performance management and evaluation of employees. Absent extraordinary circumstances, failure to timely plan and evaluate in accordance with the agency's performance management process results in a corrective action and ineligibility for an anniversary increase or performance award. If the individual performance plan or evaluation is not completed within 30 days of the corrective action, the designated rater shall be disciplinarily suspended in increments of one workweek following the pre-disciplinary meeting.

and/or, Colorado Revised Statute 24-50-118 (3)(a), which states:

"....a supervisor, which for purposes of this section shall include exempt supervisors of classified employees, who does not evaluate his or her subordinate employees, as provided in this section, on at least an annual basis, shall be suspended from work without pay for a period of not less than one workweek,"

The Department of Personnel system parameters provide that if the supervisor does not provide an evaluation for the employee, the next level supervisor, or reviewer is required to provide the evaluation. If the second level supervisor, or reviewer fails to provide the employee with a performance evaluation, the reviewer's supervisor (up to the Vice President level) is responsible for completing the evaluation as required by law.

Supervision/People Management will be a factor in the performance plan for all classified supervisors. This factor measures and evaluates the effectiveness of the supervisor's use of performance management with their employees. It is suggested that exempt supervisors have this element incorporated into their evaluation process.

Statewide uniform core competencies are to be included in each agencies performance pay program. These five competencies must be incorporated into every employee's performance plan and must be considered during every employee's evaluation. The Core Competencies

include Accountability, Communication, Interpersonal Relations, Job Knowledge, and Customer Service. Unique competencies may be identified for each position, but all classified employees shall be evaluated on the five statewide uniform competencies.

There shall be four levels of ratings to be used for performance evaluations: Needs Improvement, Competent, Exceeds Expectations and Exceptional Performer. Narrative documentation shall be provided for each factor and written justification must support the overall rating.

B. COMMUNICATION AND TRAINING

Training is a critical component to any successful performance management system. Ongoing and continuous communication is a vital part of any training process. People have different learning styles and needs so the Colorado School of Mines will adopt many different methods and make many different opportunities available to its employees for the implementation of CSM's Performance Pay Program.

Since the fall of 1999 several employee forums have been held to advise employees of changes, seek input, and to allow the exchange of information regarding a performance pay system. Surveys have been conducted to determine employees' preferences on specific matters. CSM will continue to use this successful method of communication.

Each employee and supervisor shall receive training in performance management. Training sessions will be offered on multiple occasions to accommodate the various work schedules. Additional training shall be offered, as well as optional specialized training on specific areas as identified or requested. CSM plans to develop a web-based training program for managers and employees. This program will emphasize all aspects of performance management and will provide examples from the User's Guide and HR Manager. Web-based and one-on-one training sessions will be made available throughout the year for new employees, as well as for current employees needing and/or wanting a "refresher".

Each employee and supervisor shall receive a copy of the CSM Performance Pay Program, a copy of the Evaluation Form, and a CSM Performance Management Users Guide. The user's guide will outline the procedures for performance planning, coaching and feedback, and the evaluation process. Managers and employees will find the necessary forms and general examples in the User's Guide. Electronic information will be available through *Campus in Brief*, the campus email system, and on the CSM Human Resources Home Page. Each new classified employee or supervisor shall receive a copy of the CSM Performance Pay Program and the CSM Performance Management Users Guide during their new employee orientation. The CSM Human Resource staff shall be available to provide small group and one-on-one training as needed or requested.

C. PLANNING PROCESS

The evaluation cycle for all classified employees at the Colorado School of Mines is from April 1 through March 31. A performance plan should be created for new employees within 30 days of the date of employment. New employees should attend a general Performance Management

training program as soon as possible after employment and, preferably, before the performance planning is completed.

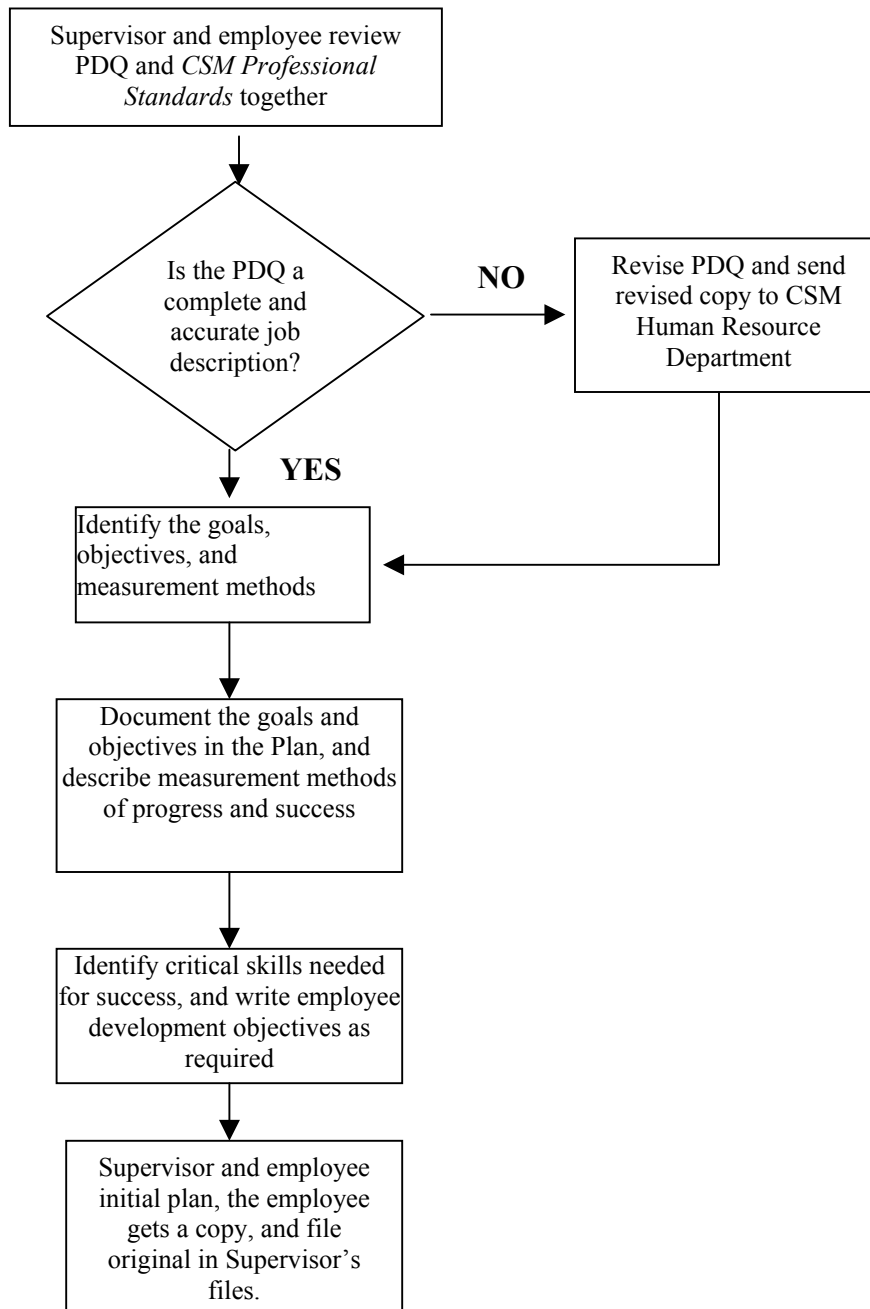
Employees who have received promotions, or have been assigned different duties, should have their performance plans modified as soon as possible after the change of duties. Employees who transfer from another state agency should be treated as a 'new' employee.

D. WRITING GOALS AND OBJECTIVES

CSM Performance Pay Program revolves around identifying and planning a set of goals and objectives for individual employees. Goals and objectives are written statements of expected results. They tell how a job responsibility (delineated in the PDQ) and/or competency are to be accomplished. When written effectively, they are challenging, attainable, observable and measurable. Individual, department, and school goals should be linked to each other. Goals and objectives should be specific and defined in terms of results that can be measured to the extent possible. However, they should also be flexible and changed as conditions warrant. The Office of Human Resources can assist supervisors in writing goals and objectives as well as provide access to the state's competency database (HR Manager). This database ties task statements and competencies together, and can also be used as a tool when writing goals and objectives and establishing measures.

Goals and objectives are written to achieve five basis outcomes: to achieve routine assignments; to resolve identified problems; to support innovation; to encourage professional development; and, to support institutional or departmental goals. Examples of developing goals and objectives are found in the CSM Performance Management Users Guide.

Performance Planning Steps



E. COACHING AND FEEDBACK

Coaching and feedback are essential components of a successful performance management system. Coaching should be used and feedback provided on a continuous basis throughout the evaluation cycle. While the manager/supervisor is responsible for providing performance feedback and coaching, the individual employee is responsible for actively soliciting feedback and using the data to improve performance. A highly effective manager will regularly provide feedback and coaching, but an employee can still solicit assistance and eliminate potential problems by initiating a coaching session with the supervisor.

Just as the manager/supervisor is responsible for providing feedback and for revising the performance plan as appropriate, the employee also has an obligation to communicate with the supervisor, identify training needs, and provide follow-up to achieve identified objectives.

F. PROGRESS REVIEW

Performance management relies heavily on continuous feedback and communication. Therefore, each supervisor shall complete a written progress review for all permanent classified employees during the month of October for each evaluation cycle.

G. PERFORMANCE EVALUATION PROCESS

The purpose of the evaluation process is to assess the employee's performance; provide a basis for pay adjustments; allocate time for communication, feedback, and coaching; and identify training and development needs for employees. If done properly, the evaluation will provide a detailed and accurate picture of the employee's performance. Employees, supervisors, and managers will be trained in the performance evaluation process as outlined in training and communication section.

The evaluation cycle for all classified employees at the Colorado School of Mines is from April 1 through March 31. When a written performance evaluation for permanent classified employees is completed it shall be submitted to the CSM Office of Human Resources. If a supervisor fails to evaluate an employee, that employee shall receive a default rating of "Competent" until a final rating can be given.

There are four performance levels used in the evaluation process for classified employees. The rating levels are outlined below:

- **Exceptional Performer:** This is the highest overall rating. This rating shall be **unique and difficult to achieve** because it represents consistently exceptional performance or achievement beyond the regular assignment.
- **Exceeds Expectations:** This rating is given to an employee who **consistently exceeds** the expectations, standards, requirements, and objectives of the position.
- **Competent:** This rating is given to an employee who **meets all aspects** of the expectations, standards, requirements, and objectives of the position.

- **Needs Improvement:** The lowest overall rating. This rating is given to an employee who **frequently fails** to meet the expectations of the job.

The evaluation process includes preparing for the evaluation, writing the evaluation, discussing the results with the employee, and forwarding to next level supervisor or reviewer. If an employee receives a Needs Improvement rating, a performance improvement plan and/or corrective action must accompany the evaluation form.

Information about the employee's job performance should be obtained from multiple sources including peers, internal and external customers, and direct reports if appropriate. If the employee reported to more than one supervisor during the evaluation period, feedback from both should be considered when preparing the evaluation. Supervisors must determine the credibility and reliability of the information provided.

Supervisors are not required, but are strongly encouraged, to assign a performance rating to new employees beginning in January through March. If the supervisor does not to give a rating, the default level of Competent will be given to the new employee.

Employees functioning under a 'matrix' organization or as part of a team offers special challenges. The User's Guide provides suggestions and guidance for managers and employees working in these environments.

CSM's Performance Program stresses the importance of completing the narrative section of the performance evaluation. This portion of the evaluation should describe in detail the basis for the evaluation decision, provide feedback to the employee, identify training needs, and provide direction for the performance plan for the next evaluation period.

SIGNATURES AND INSTITUTIONAL REVIEW

Immediate supervisors will meet with their employees by the end of March as part of the evaluation process to discuss results over the performance cycle. Both the employee and the supervisor should prepare for this meeting. The final overall rating is not given at this time. The supervisor should consider all information, complete the CSM Performance Management Form with a recommended rating, and provide the form to the reviewer.

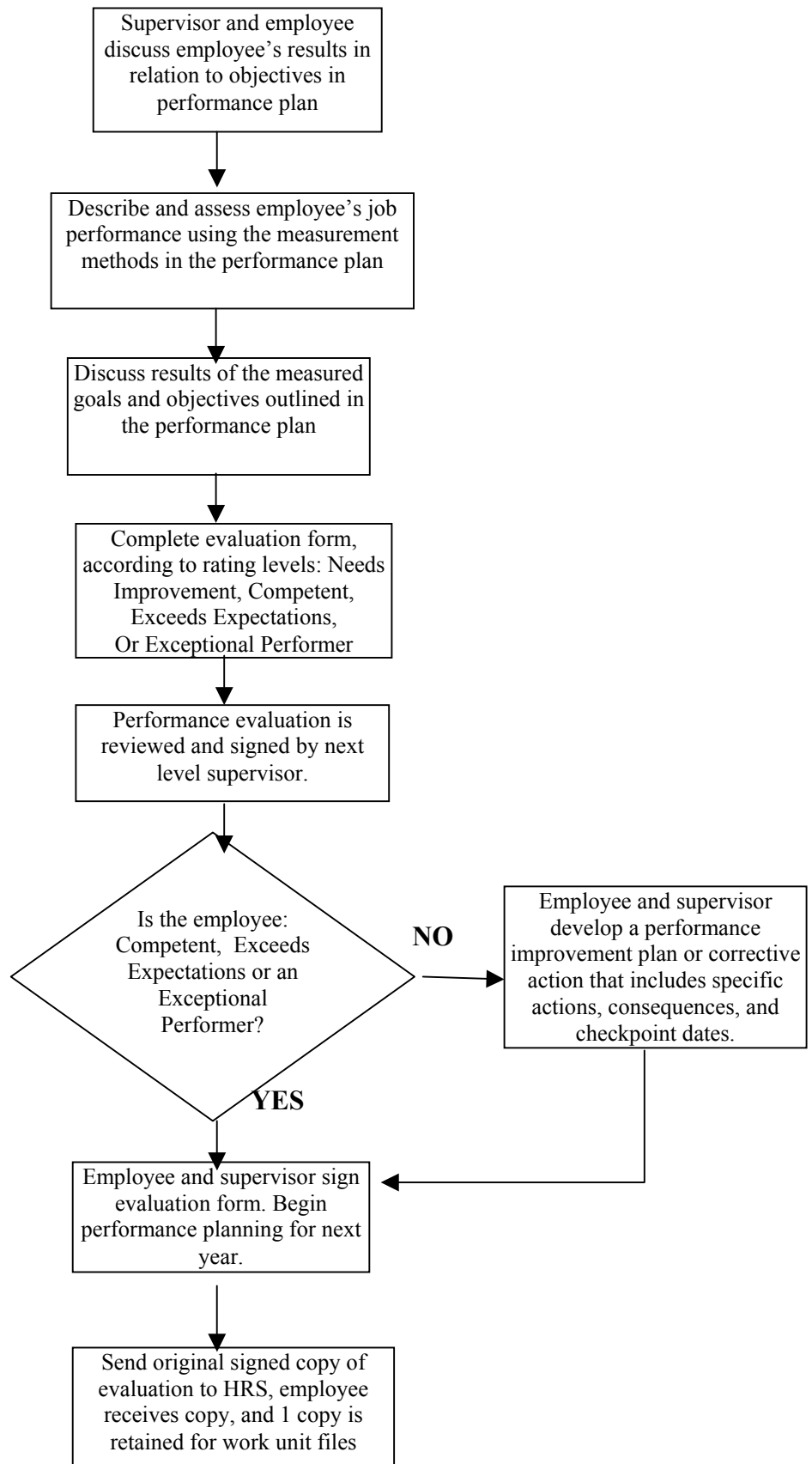
A designated reviewer will review an employee's completed evaluation. Usually, the 2nd level supervisor is the reviewer. This is to be accomplished before the final evaluation is given to the employee by the immediate supervisor. Reviewers are encouraged to meet with other designated reviewers to ensure completion of evaluations with some consistency throughout the school.

CSM'S Performance Program includes an institutional review of all evaluations by the Vice Presidents, or their designees to ensure the evaluations comply with Program guidelines.

REPORTING REQUIREMENTS

Statistics will be maintained in the Office of Human Resources and will be made available to the State Personnel Director upon request.

Performance Evaluation Process



IV. PERFORMANCE-BASED PAY

Pay associated with the Colorado School of Mines Performance Pay Program is governed by the following statewide requirements:

1. Appointing authorities are responsible for making pay decisions based on the evaluation rating. All awards are subject to available funding and no award is guaranteed.
2. The State Personnel Director will recommend the maximum awardable percentage (Z%) for each year. This will be done in conjunction with the Total Compensation Survey that is conducted according to statute, and published each year. This is the highest percentage that could be awarded to an Exceptional Performer.
3. Employees who are below the maximum of the range are eligible for base building awards. CSM will specify the limits for the Competent (X%) and Exceeds Expectations (Y%) levels based upon available budget, student enrollment levels, employee demographics, and distribution of ratings. The minimum award set for Exceeds Expectations shall be greater than the maximum award set for the Competent rating level; and the minimum for Exceptional Performer shall be greater than the maximum for Exceeds Expectations.
4. CSM will specify the limits for the Competent (more than 0-X%) and Exceeds Expectations (more than X-Y%) levels based upon available budget, student enrollment levels, employee demographics, and distribution of ratings. The maximum award set for the Competent rating level will be less than the minimum for Exceeds Expectations; and the maximum award for Exceeds Expectations will be less than the minimum for Exceptional Performer.
5. Awards can be base building, non-base building, or a combination of awards as a percentage of the employee's current salary. No quotas or forced distribution processes for determining the number of ratings in any of the four performance levels shall be established. The effective date of these awards will be July 1st of each year.
6. For purposes of the state's performance pay system, a pay range will be defined as the range of base salary between the minimum and maximum of the grade set for a class.
7. Only employees below the maximum of the range are eligible for base building awards. Base building awards cannot exceed the pay range maximum. Only Exceptional Performers may, at the sole discretion of the appointing authority, be granted a non-base building award from 0% to Z% ("Z" is determined annually by the State Personnel Director) that results in a dollar amount above the pay range maximum.
8. Employees currently at the maximum of the range are eligible for performance awards only if their rating is as an Exceptional Performer. Payments are at the discretion of the appointing authority and are limited to non-base building award (0% to Z%). Employees at the maximum of the range who receive an Exceeds Expectation or Competent rating are not eligible for any performance award.
9. Regardless of the performance level, an employee cannot be granted an award, or combination of awards, greater than the set performance maximum that is established by the State Personnel Director.
10. Employees who receive a Needs Improvement are not eligible for a performance award.

The funding process for CSM and other institutions of higher education is different than other state agencies. Other state agencies have a 'line item' for funding step increases. This is not the case for CSM and other state institutions of higher education. Ninety percent of the funding for

salary survey increases and performance awards are based on the tuition (increases/decreases) levels of graduate and undergraduate students who attend CSM. Therefore, student enrollment levels could have an impact on the funds available for performance-based awards.

CSM is committed to funding pay increases for both faculty and classified staff. In addition to funding salary survey for classified staff, CSM's policy is to make comparable funds available for faculty raises. It is the Budget Committee's goal to set aside approximately 1.3% (historical cost of anniversary increases) of the classified salaries to fund performance pay. However, future revenue must be considered before award percentages can be determined.

As a result, CSM encourages the use of non-monetary awards to supplement base-building performance awards. Non-base building bonuses may be considered as funds become available. CSM will provide parameters to managers regarding non-monetary awards for the performance levels eligible for awards. Quotas or forced distribution processes for determining the number of ratings at any of the four rating levels is strictly prohibited. Decisions regarding all base and non-base building awards will be allocated at the Vice President level. The type of award (base, non-base, or a combination of both) available for classified employees shall be jointly determined by the Vice Presidents and will be consistently applied to all eligible classified employees. The type of awards and percentages available will be communicated to employees prior to payment. The Vice Presidents shall establish minimum common criteria for determining eligibility for base, non-base or combination awards. These criteria must describe how these standards reflect the office's mission and operational needs and how the requirement for consistent treatment of similarly situated employees is met. Source of funds (e.g., cash, general, or research), and length of state service shall not be criteria for distinguishing between non-base and base building or combination performance awards. All performance awards shall be based on July 1 salary in the order as prescribed under State Personnel Procedure 3-7.

The first year of performance award payments requires a transition from anniversary increases in order to accommodate the statewide common effective date of July 1 for payment of awards while remaining cost neutral. A process called "annualization or proration" will be followed whereas the performance award is adjusted based on whether or when an anniversary increase was received in FY01-02. This process applies to the first year only and only to those employees who received anniversary increases.

The performance award for an employee, without prior continuous state service, hired during the evaluation period shall be prorated based on the month of hire (i.e., an person employed for six months of the twelve-month cycle would receive half of the award to which they would otherwise be entitled.) An employee hired after being a temporary employee in the same role may have his/her performance as a temporary considered in their overall performance rating. However, any performance award to which they may be entitled shall be prorated based on the month of hire as a permanent employee.

Transferring employees without a break in service and employees promoting from other state employers shall be entitled to a full award based on their final performance rating. Consideration may be given to the interim rating received from their former employer. As a condition of employment, hiring supervisors should have an agreement with the transferring/promoting employee whether the former evaluation will be considered.

Employees transferring or promoting between CSM departments are entitled to a full award based on their final performance rating. Consideration shall be given to the interim rating given by the former supervisor. The new supervisor/department shall be financially responsible for any award received by the new employee.

The performance award for an employee on an extended 'leave' or 'leave without pay' is at the discretion of the supervisor and appointing authority. A full or partial award may be given.

V. DISPUTE RESOLUTION PROCESS

Employees and managers may have differences of opinions related to performance standards and evaluation ratings. Employees may question certain matters regarding performance plans and ratings through the dispute resolution process. The purpose of the dispute resolution system is to create an open, impartial, and non-confrontational opportunity that allows the parties to have issues heard. Retaliation against any person involved in the dispute resolution process is prohibited and will be dealt with according to CSM policy.

Employees may only dispute the following issues:

- **Their own performance plan (or lack of a plan)**
- **Their own final performance evaluation or the lack of a final evaluation**
- **Application of CSM's Performance Pay Program, policies, or processes to the individual employee's performance plan or final evaluation.**
- **Full payment of a reward**

The following issues are NOT disputable:

- **The content of CSM's Performance Pay Program**
- **Matters related to the funds appropriated**
- **The performance evaluation and rewards of other employees**
- **The amount of a performance award, including whether it is base or non-base building, any combination or none, unless the issue involves the application of CSM's Performance Pay Program.**

Although these issues are not disputable, supervisors and managers are encouraged to make sincere efforts in responding to, and/or addressing any concerns raised by their employees.

There are two stages within the Dispute Resolution Process. CSM believes in resolving concerns as quickly as possible, and at the lowest level possible. Therefore, CSM will attempt to solve all issues related to performance management at the Internal Stage. The Internal Stage will address issues concerning the individual's performance plan (or lack of a plan) and the individual's performance evaluation or lack thereof. These issues will be addressed at the institution level, and employees will have no further recourse for resolution of these matters.

The External Stage addresses disputes concerning the application of the CSM Performance Pay Program, policies or processes to the individual employee's performance plan or final evaluation, or full payment of a reward. Discussions about these disputes should begin at the Internal Stage.

If there is no resolution at the Internal Stage, the issue may proceed to the State Personnel Director.

Performance evaluation disputes that allege discrimination or result in corrective/disciplinary action must be referred to the State Personnel Board at 1120 Lincoln, Suite 1420, Denver, CO, 80203.

The Colorado School of Mines Performance Dispute Resolution Form and instructions for the process will be given to CSM employees annually. An employee wishing to initiate the Dispute Resolution Process, regarding the appropriate issues identified above, will advise his/her supervisor within **three working days** of the event. The employee must complete the CSM Performance Dispute Resolution Form and provide a copy of the form to the immediate supervisor, Division and/or Department Head of the employee's work unit, and to the CSM Director of Human Resources.

The supervisor will have **five working days** upon receipt of the Dispute Resolution Form, to schedule a meeting with the employee, the supervisor, and the next level supervisor (or reviewer) to discuss the issues. Extension of this time frame is allowed only if both parties agree.

Three working days following the meeting the supervisor will provide the employee with a written response to the employee's concerns. The written response shall include the issues discussed, possible resolutions, and the collective decision of the supervisor and the reviewer. A copy of this response must be provided to those who took part in the meeting and the CSM Director of Human Resources.

If the employee is not satisfied with the initial decision, he/she can request a second review, submitted in writing, to their appropriate Vice President. This request for a second review must occur within **three working days** of receipt of the initial decision. The Vice President will have **five working days** to meet with the employee and the two supervisory employees.

The Vice President will review the facts surrounding the current action but shall not substitute their judgment for that of the rater and/or reviewer. The Vice President will issue his/her decision within **three working days** of the meeting. This decision shall be binding on all issues except those that allege that the CSM Performance Management Program was not followed or that complete payment of the approved award was not made. For those that allege that the plan was not followed or payment of an approved award was not received, the employee may proceed to the External Stage.

No party has an absolute right to legal representation, but an advisor may accompany the employee at any step within this process. The role of the advisor is to assist the employee in the process but the employee is expected to present his/her issues in these meetings.

The Director of the State Personnel Department administers the External Stage. Only original issues involving the application of the management program, or full payment of an award may advance to this stage.

Within **five working days** from the date of the agency's final decision, an employee may file a written request for review with the Director at 1120 Lincoln, Suite 1420, Denver, CO, 80203.

The request shall include a copy of the **original** issue(s) submitted in writing and the written decision at the final internal review stage. All requests for review are subject to an initial screening to determine if the review is warranted. Such screening is based on specific criteria published by the Director. If a determination is made that further review is not warranted, it is final and binding and the employee will be notified accordingly. If further review is warranted, the Director or designee shall select a qualified neutral third party to review the issue(s). The neutral third party has 30 days to issue a written decision, which is final and binding.